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15 September 1949

MEMORANDUM FOR THE FILES

SUBJECT: HOSPITALIZATION COSTS OF FOREIGN SERVICE

1. The writer today discussed the general application of the Foreign Service Regulations, in regard to payment of hospitalization charges for personnel overseas, with Mr. Regis Walthers, Administrative Officer for the Medical Branch of the Foreign Service. The pertinent issuance is Foreign Service Personnel Circular No. 2 issued March 21, 1949.

2. The Foreign Service authorizes reimbursement or payment of an employee's expenses for treatment at a suitable hospital or clinic where the illness or injury was incurred in the line of duty while assigned abroad. It should be noted here that paragraph 2.1 (e) of the above cited circular states that: "A suitable hospital or clinic is an institution established for the treatment of the sick, a dispensary, laboratory, physician's office or other reputable establishment where a sick person is observed or treated, which has facilities adequate and appropriate for the treatment of the patient's particular illness or injury. In emergencies, temporary quarters established in an office building, private home or elsewhere, may be considered as a 'suitable hospital or clinic'." Paragraph 2.1 of the same issuance states that: " 'Incurred in the line of duty' means incurred while assigned abroad or materially aggravated by foreign service duties in which the employee has engaged. 'Assigned abroad' means physical presence outside the Continental limits of the United States pursuant to official orders." Other conditions of eligibility require that the illness or injury be one that would require hospitalization if the patient were in Washington, D.C; it is not the result of extra hazardous activities unconnected with the performance of official duties; not the result of vicious habits, intemperance, or misconduct on the part of the employee; and the medical and hospital expenses must be directly related to the treatment of the illness or injury requiring hospitalization and be reasonable in nature and not excessive in regard to local prevailing prices.

3. Once it is established that the injury or illness occurred while the employee was overseas and is not subject to any of the exceptions indicated above, the main criterion for reimbursement apparently depends upon whether or not the disability was serious enough to require treatment in a hospital or clinic. This, of course, assumes a normal standard. For instance, hospital facilities in certain areas may be so inadequate that the employee's health would actually be jeopardized by their use; and the necessity for hospital treatment is gaged on modern customs in the light of medical developments (thus while it was common practice in the past, and acceptable now in emergency, the usual place of childbirth is no longer in the home but takes place in a hospital). The two main grounds for rejections are;

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(a) The disability is trivial and does not require treatment in a hospital or clinic; and

(b) The disability was incurred in the United States.

4. Mr. Walthers informed me that as a practical matter it was the policy of the Foreign Service to pay all claims, and the burden of proof was not on the individual to support the claim but on the Foreign Service to challenge it. In the light of their past experience they found it more practicable to approach the matter in this fashion in view of;

(a) Economy; and

(b) Possible prejudice to an isolated individual

5. Some claims, of course, are naturally borderline cases and in considering them they review the following factors;

(a) Whether the disability was of a nature endemic to a particular area;

(b) Whether adequate medical advice was available; and

(c) Whether adequate medical supplies and facilities could be furnished; and

(d) Whether any recent change in station involved a marked variation in climate; and

(e) Whether there was any psychological strain upon the employee resulting from living abroad or the nature of his duties.

6. Although all related and reasonable expenses of the employee are paid for treatment in the hospital, including that immediately prior and post, they did not authorize reimbursement or payment for treatment at home except in an emergency. Compensation for loss in pay is obtained in rare cases under the Federal Employees Compensation Act, and, to that extent, it is supplementary to the Foreign Service Regulations.

7. Application of their regulations by the Foreign Service is far more lenient than the approach of the Bureau of Employees' Compensation under the Federal Employees Compensation Act. In essence, the Foreign Service simply requires the employee to be abroad at the time the disability occurred, whereas under Employees Compensation, the disability must be of a more or less abnormal nature occurring in the scope of the employee's employment. The most liberal benefits to employees would be obtained by applying the Foreign Service Regulations in their fashion, supplemented by the use of the Federal Employees Compensation Act for claims which are of a trivial nature and not recognized by the Foreign Service.

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